



COUNCIL AGENDA: 6-15-10  
ITEM: 7.4

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** John Stufflebean  
Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 05-24-10

Approved

Date

6-1-10

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT TO THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER, BLOCKA CONSTRUCTION FOR THE SAN JOSÉ/SANTA CLARA WATER POLLUTION CONTROL PLANT, 2009-2010 CAPITAL IMPROVEMENT PROGRAM, MOTOR CONTROL CENTER PHASE II REPLACEMENT PROJECT**

## RECOMMENDATION

Report on bids and award of contract for the Motor Control Center Phase II Replacement Project to the lowest responsive and responsible bidder, Blocka Construction, in the amount of \$1,020,000; and approval of a budget contingency of 15% contract amount (\$153,000).

## OUTCOME

Approval of this construction contract will provide for the replacement of four aging motor control centers (MCC) at the Plant and improve the Plant's electrical reliability. Approval of a 15% contingency will provide funding for any unforeseen conditions and contingent work that is required for the satisfactory completion of the project as contemplated by the construction contract.

## BACKGROUND

In 2004, a study of the Plant's electrical system was completed. The study recommends that several MCC's be replaced. An MCC is an assembly of electrical components to control and distribute power to motors and other electrical devices. The Plant currently has a total of 42 MCCs. 22 of these MCC are programmed to be replaced over the next five to ten years.

The MCC Phase II Replacement Project will replace 4 MCC's that control cooling tower pumps, sump pumps, exhaust fans, lighting panels, and air handlers. The old design and deterioration of the four MCCs have made it necessary to replace them in order to increase the reliability of the

Plant electrical system. This project is part of a series of projects aimed at upgrading the Plant's electrical reliability

**ANALYSIS**

The project was advertised for bid and a total of five bids were received and opened on May 6, 2010 with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Anderson Pacific	Santa Clara	\$1,369,000	\$77,085	6%
<b>Engineers Estimate *</b>		<b>\$1,291,915</b>		
Rosendin Electric	San José	\$1,115,000	\$176,915	(14%)
Blocka Construction	Fremont	\$1,020,000	\$271,915	(21%)
Contra Costa Electric	Martinez	\$987,000	\$304,915	(24%)
Monterey Mechanical	Oakland	\$974,000	\$317,915	(25%)

\* The original Engineers Estimate was \$2,194,305. During the bidding process an arithmetic error was found in the calculation for Engineer's Estimate for the project and has been revised since.

The first and second low bids submitted by Monterey Mechanical and Contra Costa Electric did not include an executed copy of Addendum No. 1 to the Plans and Specifications for the project. As a result, staff determined that the bids were non-responsive. The third low bid submitted by Blocka Construction was determined to be in order and is 14% below the Engineer's Estimate. As such, staff determined that Blocka Construction staff is the lowest responsive and responsible bidder.

The median and average bid amounts are 21 percent and 15 percent lower than the Engineer's Estimate, respectively. Considering the current steep competition in the construction industry in the Bay Area, staff considers the bid proposal submitted by Blocka Construction a reasonable price for the work involved.

A 15% contingency is appropriate for this project and consistent with council policy since this is most similar to a remodel project. This 15% contingency is expected to cover for any unanticipated tasks necessary for proper completion of this work.

**EVALUATION AND FOLLOW-UP**

The project is currently within budget with a projected completion of October 2012. Should additional changes to the project be required due to change orders executed beyond the appropriated contingency, staff will bring forward those changes for approval by Council.

## POLICY ALTERNATIVES

*Alternative # 1:* Reject all bids and drop the project.

**Pros:** Ability to fund alternative capital projects.

**Cons:** Continued use of existing degraded electrical distribution system poses a great risk to reliable operation of the plant.

**Reason for not recommending:** If this project is not implemented, the Plant's electrical distribution system is susceptible to failure which could lead to the Plant's inability to distribute power and treat wastewater, causing severe damage to electrical distribution system and equipment from flooding, and potential discharge of untreated wastewater into the bay.

*Alternative # 2:* Reject all bids and have staff complete this project.

**Pros:** Plant's staff is familiar with the equipment and Plant conditions, and could provide a design and installation more efficiently.

**Cons:** The Plant's staff time will be substantially increased to design and install the MCCs.

**Reason for not recommending:** Existing Plant staffing cannot support the additional design and construction effort required to procure and install the MCCs.

## PUBLIC OUTREACH / INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This action meets criteria 1 above. A Notice-to-Contractors inviting qualified firms to submit bids was published by the City Clerk's Office in the San José Post Record, and by the City's Project Manager on the Environmental Services Department website and Public Works Department Bid Hotline. Bid documents were also sent to the Builder's Exchanges of the surrounding Bay area cities and counties. This memo will be posted on the City's website for the June 15 Council Agenda

## COORDINATION

This project and memorandum have been coordinated with the City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at the June 10, Treatment Plant Advisory Committee (TPAC) meeting.

**FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council approved Budget Strategy to focus on rehabilitating aging Plant infrastructure, improve efficiency, and reduce operating costs. This project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

**COST SUMMARY/IMPLICATIONS**

1.	AMOUNT OF RECOMMENDATION:	<b>\$1,020,000</b>
2.	COST OF PROJECT	
	Project Delivery*	\$ 260,000
	Construction	\$ 1,020,000
	Contingency	<u>\$153,000</u>
	<b>TOTAL PROJECT COSTS</b>	<b>\$ 1,433,000</b>
	Prior Year Expenditures	\$0
	<b>REMAINING PROJECT COSTS</b>	<b>\$ 1,433,000</b>

\*Includes consultant services costs of \$62,969

3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.
4. OPERATING COST: Existing funds are available for this project. No additional appropriation action is required. The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have no impact to the Treatment Plant Operations and Maintenance budget.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

05-24-2010

Subject: Award of Contract for MCC Phase II Replacement Project

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Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	Adopted 2009-2010 Capital Budget Page	Last Budget Action (Date, Ord. No.)
				<b>\$1,433,000</b>	<b>\$1,020,000</b>		
512	4341	Plant Electrical Reliability	158365	\$20,900,000	<b>\$1,020,000</b>	V-147	6-23-2009, Ord. No. 28593
<b>Total Current Funding Available</b>				<b>\$20,900,000</b>	<b>\$1,020,000</b>		

**CEQA**

Exempt, PP04-03-079

/s/

KATY ALLEN

Director, Public Works Department

/s/

JOHN STUFFLEBEAN

Director, Environmental Services

For questions, please contact Bhavani Yerrapotu, Division Manager, Environmental Services, at 945-5321.